

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 2/25/2014	(3) CONTACT/PHONE Suzan Ehdaie, Planner II/781-4974	
(4) SUBJECT Hearing to consider a resolution approving: 1) the activities for funding under the 2014 Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and the Emergency Solutions Grant (ESG) Programs; 2) the Urban County of San Luis Obispo 2014 Action Plan of the Consolidated Plan (Clerk's Filed); and 3) homeless related activities for County General Fund. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Hold a public hearing to approve activities under CDBG, HOME and ESG funding levels as shown in the attached Exhibit "A", and 2. Adopt the attached resolution approving and authorizing submittal of the Urban County of San Luis Obispo Program Year 2014 Action Plan to the U.S. Department of Housing and Urban Development. 			
(6) FUNDING SOURCE(S) CDBG, HOME, ESG, and GFS	(7) CURRENT YEAR FINANCIAL IMPACT \$2.2 million in Grant Funds, \$202,500 in General Funds, \$140,707 in General Funds for Admin Cost	(8) ANNUAL FINANCIAL IMPACT \$2.2 million in Grant Funds, \$202,500 in General Funds, \$140,707 in General Funds for Admin Cost	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>45 min</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>12/10/2013 (item 16)</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Suzan Ehdaie, Planner II

VIA: Wes Drysdale, Administrative Services Manager

DATE: 2/25/2014

SUBJECT: Hearing to consider a resolution approving: 1) the activities for funding under the 2014 Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and the Emergency Solutions Grant (ESG) Programs; 2) the Urban County of San Luis Obispo 2014 Action Plan of the Consolidated Plan (Clerk's Filed); and 3) homeless related activities for County General Fund. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Hold a public hearing to approve activities under CDBG, HOME and ESG funding levels as shown in the attached Exhibit "A", and
2. Adopt the attached resolution approving and authorizing submittal of the Urban County of San Luis Obispo Program Year 2014 Action Plan to the U.S. Department of Housing and Urban Development.

DISCUSSION

In August 2013, the County began preparing the 2014 Action Plan which is the final Action Plan of the Urban County of San Luis Obispo 2010-2014 Consolidated Plan. The County and five of its cities, together, qualify as an Urban County eligible to receive annual formula grant awards from HUD. The current participating cities include Arroyo Grande, Atascadero, Morro Bay, Paso Robles, and San Luis Obispo.

The 2014 Action Plan describes funding allocations and activities that the Urban County will undertake. The allocations will help accomplish the goals identified in the five-year Consolidated Plan for Program Year 2014 (Fiscal Year 2014-2015) relating to housing, homelessness, and community development.

It is important to note that the funding recommendations outlined in this staff report are only estimates (based on a 10% decrease from the 2013 funding level) as HUD has not notified the Urban County of its final allocations of CDBG, HOME, and ESG program funding. When HUD releases the final allocations, staff will adjust the funding levels and bring it back to the Board for approval.

Per the Board-approved Citizen Participation Plan, the County is the lead agency in the preparation of the Action Plan. The process includes: the initial request for proposals, review and consideration of funding applications; conducting series of public workshops; providing technical assistance to the public, applicants and participating jurisdictions; and preparing staff reports, action plans and other documents necessary for the approval of an action plan by the Board of Supervisors.

Each application was reviewed and given a score based on the seven rating criteria that your Board approved. The rating criteria were published with the public notice to solicit grant applications. Refer to "Request for Proposals" section for the established rating criteria. The 2014 draft funding recommendation was published for a 30-day public review from December 20, 2013 to January 20, 2014.

Staff based its recommendations on the rating criteria as well as the needs that were identified during public workshops and the HUD direction to award a large amount of funds to projects that have substantial impact in meeting community needs.

The purpose of today's hearing is to consider public input and the funding recommendations received from the cities and to approve funding for specific projects under the CDBG, HOME, and ESG programs. The deadline to submit the 2014 Action Plan to HUD is May 15, 2014. All public comments received through today's hearing will be summarized in an attachment to the plan.

The Urban County of San Luis Obispo Program Year 2014 Action Plan is on file with the County Clerk Recorder's Office. The Action Plan also serves as an application to HUD for the following entitlements grants.

<u>Program</u>	<u>Allocation</u>
CDBG:	\$1,501,085
HOME:	\$ 650,549
ESG:	\$ 108,615
Total	\$2,260,249

Community Development Block Grant (CDBG) Program

The CDBG program is designed to provide local governments with funds to address a variety of community development needs. Local discretion may be used to determine specific activities to be funded, provided they: 1) benefit low and moderate income persons, 2) aid in the prevention of slums or blight, or 3) meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

HUD uses the US 2010 Census data from the American Community Survey (ACS) to determine the "share" of CDBG funds for jurisdictions nationwide. The ACS formula used by HUD for urban county funds has three variables: population, people in poverty, and overcrowded housing units. These variables determine each grantee's share of CDBG funds. The Urban County uses this same formula to divide the total CDBG allocation among the participating cities.

Based on the ACS data and the 10% reduction assumption to the CDBG program, the 2014 CDBG funding level changed for the County as well as the participating cities. Table 1 shows the estimated CDBG funding level for the County and the participating cities for Program Year 2014.

Table 1: The 2014 Community Development Block Grant Program

JURISDICTION	2014 FORMULA ALLOCATION
Arroyo Grande	\$57,715
Atascadero	\$121,388
Morro Bay	\$52,205
Paso Robles	\$152,240
San Luis Obispo	\$459,680
Unincorporated County	\$657,856
TOTAL	\$1,501,084

The County received a total of 25 applications under the CDBG program for the Urban County. Each application was reviewed using the Board approved seven rating criteria. For the 2014 program year, the County received an application by the County Public Works Department for assisting low-income families connect to the Los Osos waste water collection system. The project cannot start before the completion of the waste water collection system, which is anticipated to be late 2016. Staff could not recommend this project, because it was not ready to be implemented soon enough to meet the CDBG timeliness standard. As a result, the additional CDBG funds for public infrastructure and housing activities were recommended for two prior year applications: 1) the ADA improvement for the Morro Bay Library by the County General Services agency, and 2) the sewer improvement project at Sunny Oaks Mobile Home Park in Los Osos.

Overall, the Board approved rating criteria provided a guiding tool to recommend projects for funding. The recommended projects not only meet a strong community need, but also are considered high priority projects based on the Consolidated Plan. Moreover, the public workshops conducted for the 2014 Action Plan identified major community needs which include providing homeless shelters and case management services for chronically homeless persons and affordable housing units for low income families.

The Home Investment Partnerships (HOME) Program

HOME provides formula grants that communities often use in partnership with local non-profit groups to fund affordable housing related activities. This includes developing, purchasing, or rehabilitating affordable housing for rent or homeownership, and providing direct rental assistance to low-income people.

There were a total of five applications for HOME funds. Based on the rating criteria, staff recommends the Cambria Pines Affordable Rental project for funding. The Cambria Pines Affordable Rental Housing (33 units) by Peoples' Self Help Housing Corporation received the highest score, because it meets the required federal and state requirements and it will spend the funds quickly. Units should be ready for occupancy by late 2015.

The remaining HOME funds are recommended for the Tenant-Based Rental Assistance (TBRA) program by the Housing Authority of the City of San Luis Obispo. The TBRA program provides affordable housing for the vulnerable population of the County as well as interim housing for formerly homeless persons. Table 2 shows the affordable housing projects recommended for funding with HOME program.

Table 2: The 2014 HOME Investment Partnerships Program Allocations

AFFORDABLE HOUSING PROJECTS	2014 FORMULA ALLOCATION
Cambria Pines- Construction of 33 affordable rental units By PSHHC	\$585,494
Tenant Based Rental Assistance Program (administration) By The Housing Authority of the City of SLO	\$8,333
County of SLO Administration (10%)	\$56,722
TOTAL	\$650,549

The Emergency Solutions Grant (ESG) Program

The ESG program provides funding to assist persons who are homeless or at imminent risk of becoming homeless. Eligible uses of ESG funding include outreach to homeless persons, emergency shelter services, homelessness prevention and rapid re-housing, data collection through the Homeless Management Information System (HMIS) and general administration of the ESG program. Activities in this funding source are strongly tied to the *San Luis Obispo Countywide 10-Year Plan to End Homelessness*. The County awards ESG funds to nonprofit organizations through a request for proposal process.

Table 3: The 2014 Emergency Solutions Grant Program Allocations

EMERGENCY SHELTER	2014 FORMULA ALLOCATION
Maxine Lewis Memorial Shelter	\$35,485
Prado Homeless Day Center	\$25,644
Homeless Prevention	
Central Coast LINK – Rental Assistance	\$4,984
Central Coast LINK – Housing Relocation and Stabilization Services	\$4,985
Rapid Re-Housing	
Central Coast LINK – Rental Assistance	\$9,562
Central Coast LINK – Housing Relocation and Stabilization Services	\$17,757
Data Collection- HMIS	
Central Coast LINK	\$2,052
Administration	
Agency Administration	\$4,073
SLO County Administration	\$4,073
Total	\$108,615

The County General Fund Support (GFS) for Homeless Services Programs

The County provides General Fund Support (\$180,000) to homeless services providers that operate emergency shelter programs. In addition to the \$180,000, the County set aside an additional \$22,500 in GFS for other homeless related programs, but the funds have yet to be allocated. After receiving applications for the County's GFS funds, a five person ad-hoc grant review subcommittee of the Homeless Services Oversight Council (HSOC) met to discuss and recommend allocation of fiscal year 2014-2015 County CDBG public services funds, ESG funds, and County GFS for homeless services programs. The full HSOC then met on November 20, 2013, and made the final recommendations. See Exhibit "B" for the HSOC Agenda Item report. The HSOC recommendation for County General Fund Support is shown in Table 4.

Table 4: The 2014 County General Fund Support Allocations

HOMELESS SERVICES PROGRAMS	2014 ALLOCATION
Prado Day Center by CAPSLO	\$26,726
Maxine Lewis Shelter by CAPSLO	\$51,089
ECHO Shelter Services	\$31,148
Women's Shelter SLO Emergency Shelter	\$17,971
Women's Shelter Prevention/Re-Housing	\$5,675
RISE	\$36,697
Transitional Food and Shelter	\$10,695
TOTAL	\$180,000

Public Participation

The Urban County conducted four advertised public workshops and one public hearing to encourage public participation and obtain public input about housing and community development needs before issuing a request for proposals. A public hearing was conducted by the County Board of Supervisors on December 10, 2013. The workshops were held in Arroyo Grande, Atascadero, and San Luis Obispo.

The County also consulted with several agencies and organizations during meetings of the Homeless Services Oversight Council (HSOC), including its subcommittees, and individually with the Housing Trust Fund, Community Action Partnership of San Luis Obispo County (CAPSLO); Peoples' Self-Help Housing Corporation (PSHHC); County General Services; County Public Works, and other groups.

Public Comments

Public comments received during the "needs" workshops and generally throughout the 2014 Program Year process, primarily focused on the need to provide services and housing for the homeless population. The comments primarily came from the County's homeless service providers like CAPSLO, the El Camino Housing Organization, Transitional Food & Shelter, and others, but also from housing providers like the San Luis Obispo Housing Authority and PSHHC. Although the economy is slowly recovering, the demand for both homeless services and affordable housing continues to grow. San Luis Obispo County is still considered to be one of the least affordable places in the nation. See Exhibit "C" for a summary of Public Comments.

Request for Proposals

In August 2013, the County issued a countywide request for proposals and comments (RFP) to encourage any interested parties to submit their proposals for funding through the CDBG, HOME, and ESG programs. The RFP included evaluation criteria used by the cities and the County, as follows:

1. Consistency with federal regulations and laws
2. Community support (for example, approval of project by a city council)
3. Seriousness of community development need proposed to be addressed by project
4. Degree to which project benefits low and moderate income and low income families or persons
5. Feasibility of the project to be completed as budgeted and by December 21, 2014
6. Cost effectiveness of funds requested and leveraging of other funds
7. Organization's experience or knowledge regarding federal requirements

The following additional criteria were specified for use only to evaluate proposals for funding under the "Special Urban Projects Fund" allocation, pursuant to the cooperative agreements between the County and each of the participating cities:

8. Degree to which the proposal would benefit more than a single jurisdiction (i.e., more than one city, a city and portions of the unincorporated County)
9. Need by the project for more funding than is available through the other allocations to be feasible
10. The project provides direct benefit to most needy groups such as (but not necessarily limited to) low income and/or handicapped persons, at-risk youth (gang prevention).

The County prepared and published funding recommendations based on an evaluation of how the proposals met the criteria specified in the RFP instructions. These funding recommendations were published and distributed to each of the participating cities and some 300 interested persons. The Urban County conducted four more public workshops to solicit public comments and answer questions about the 2014 draft funding recommendation.

OTHER AGENCY INVOLVEMENT/IMPACT

County staff consulted with the participating cities, HSOC, General Services Agency, Public Works, and non-profit agencies to identify needs and potential projects. Staff also provided technical assistance to the cities to facilitate their decision on the grant application process. Staff also obtained guidance from HUD regarding eligibility of certain proposed activities.

County Counsel has approved as to form and legal effect.

FINANCIAL CONSIDERATIONS

The CDBG, HOME and ESG programs provide funding to cover most of the staff costs for administering the programs. The HUD grant allocations will provide an estimated total of \$192,795 to be used by County staff to administer the CDBG, HOME and ESG programs, but the total anticipated cost of administration is approximately \$333,502. As a result, the impact to the General fund is expected at approximately \$140,707.

RESULTS

The result of this hearing is to secure and allocate federal grant funds that directly benefit County residents.

ATTACHMENTS

1. Attachment 1 - Resolution
2. Attachment 2 - Exhibit A
3. Attachment 3 - Exhibit B
4. Attachment 4 - Exhibit C
5. Attachment 5 – The Draft 2014 Action Plan (Clerk's Filed)